

## A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

# Applying for Retirement

Police and Firemen's Retirement System

## MANDATORY RETIREMENT

Effective July 1, 1997, **retirement is mandatory at age 65** for all Police and Firemen's Retirement System (PFRS) members except for elected officials. If you do not file a retirement application before age 65, you are automatically retired on the first of the month following your 65<sup>th</sup> birthday. Retirement benefits, however, are not payable until the application is filed.

Elected officials are exempt from mandatory retirement from their elected position.

## BEFORE YOU RETIRE

You should inquire about retirement at least six months before your retirement date. This will give you enough time to review the benefits that are available to you in retirement. You may also request an *Estimate of Retirement Benefits*, which estimates your monthly retirement allowance and any benefits payable upon your death after retirement — including survivor and life insurance benefits. A *Request for Retirement Estimate* form is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at:

[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

In addition, once you have registered with the Member Benefits Online System (MBOS) you can review an estimate of your retirement benefits using service and salary information that has been recorded to your pension account. (See the Division's Web site for more information about MBOS.)

Your employer will not be notified that you requested a retirement estimate.

## SUBMITTING YOUR APPLICATION

It is your responsibility to file an *Application for Retirement Allowance*. The application must be filed with the Division of Pensions and Benefits in advance, and four to six months advanced filing is recommended. All retirements are effective the first of a month. The earliest effective date is the first of the month following the Division's receipt of your application. Retirement processing times vary and cannot begin until we have received all the necessary information and forms from **both** you and your employer. It is your

responsibility to file your *Application for Retirement Allowance* with the Division of Pensions and Benefits. **Do not give the application to your employer to mail.** You should, however, give your employer the *Certification of Service and Final Salary* and have them complete it as soon as possible.

If you have not furnished proof of your age to the Division, you should attach a photocopy of your birth certificate to your *Application for Retirement Allowance*.

## TYPES OF RETIREMENT

The following types of retirement benefits are calculated using your "Years of Service" and "Final Compensation".

- **Years of Service** means the amount of membership service you have credited to your account.
- **Final Compensation** means your base salary on which contributions were taken in the 12 months immediately preceding retirement. It does not include extra pay for overtime or money given in anticipation of your retirement.

There are several types of retirement for which you may qualify:

### Service Retirement

This type of retirement is available at age 55 with no minimum amount of service required.

Service Retirement is also available to members of any age with 20 or more years of service credit who were members of the PFRS on January 18, 2000.

The benefit calculations are as follows:

- If you have less than 20 years of service credit, you will receive 2 percent of your Final Compensation for each year of service.
- If you have at least 20 years but less than 25 years of service credit, you will receive 50 percent of your Final Compensation.
- If you are age 65 (mandatory retirement age) and have 20 or more years of service credit, you will receive 50 percent of your Final

Compensation, plus three percent of your Final Compensation for each year of service over 20, up to 25 years, if enrolled in the PFRS as of January 18, 2000.

- If you have 40 years of service credit, you will receive 70 percent of your Final Compensation, plus an additional one percent of your Final Compensation for each year of service credit over 40 years.

### **Special Retirement**

This type of retirement is available to those members who have 25 years or more of service credit. The amount of your annual pension will be equal to 65 percent of your Final Compensation plus 1 percent for each year of service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70 percent of your Final Compensation.

### **Deferred Retirement**

This type of retirement is available to those members who have at least ten years of service credit and are not yet 55 years of age when they terminate employment. The amount of your annual pension will be equal to 2 percent of your Final Compensation for each year of service.

To receive a Deferred Retirement, you must file an *Application for Retirement Allowance*. The effective date of a Deferred Retirement is the first of the month after you attain age 55. You should, however, file the application when you terminate covered employment. If you are terminated for cause, you may not be eligible to receive Deferred Retirement benefits. The PFRS Board of Trustees will make that determination at the time you file your application.

Your life insurance coverage is **not** in effect between the time you terminate employment and when your Deferred Retirement becomes effective. If you die before your Deferred Retirement becomes effective, the beneficiary on your retirement application will receive a return of your contributions, unless a subsequent *Designation of Beneficiary* form is filed. There is no other death benefit under these circumstances.

For information about converting your group life insurance to an individual policy at termination, see Fact Sheet #13, *Conversion of Group Life Insurance*, which is available from your employer, by contacting

the Division of Pensions and Benefits, or over the Internet at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**For those covered by the State Health Benefits Program (SHBP)**, you will not be able to continue that coverage under the SHBP retiree group if you apply for Deferred Retirement. However, you are entitled to continue coverage in the SHBP employee group for up to 18 months after termination of employment in accordance with federal COBRA legislation. If your retirement allowance becomes due and payable during the 18 months of extended coverage under COBRA, you would qualify for coverage in the SHBP retiree group. In this case, you will have to contact the Division of Pensions and Benefits, and request a SHBP offering letter.

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a lump-sum withdrawal of your pension contributions instead. Once you cancel your Deferred Retirement and withdraw your contributions, all the rights and privileges of membership end.

### **Disability Retirement**

For information about Disability Retirement, see Fact Sheet #16, *Disability Retirement Benefits*, which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

## **PAYMENT OF PENSION TO A SURVIVING FAMILY MEMBER**

Upon the death of a retired member, the spouse and/or child(ren) of the member may be entitled to a monthly pension. The terms used in the explanations of benefits that follow are explained here.

**"Surviving Spouse"** means the person to whom you were married on the date of your death and who has not remarried. It also means a member's domestic partner provided the member has received a New Jersey *Certificate of Domestic Partnership* through application to a local registrar and is a State employee. Employees of local government entities are also included, provided the local employer has adopted a resolution to provide domestic partner pension benefits.

**"Child"** means your unmarried child:

- under the age of 18; or

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- 18 years of age or older and enrolled in high school; or
- any age, who at the time of your death, is disabled because of mental or physical incapacity and is incapable of substantial gainful employment because of the impairment. This incapacity must last or be expected to last for a continuous period of not less than 12 months as determined by the PFRS Medical Review Board.

**Retired Member Death Benefit**

Upon your death as a retired member, your surviving spouse is eligible to receive a pension benefit equal to 50 percent of your Final Compensation, plus 15 percent of your Final Compensation for one child or 25 percent of your Final Compensation for two or more children.

If there is no surviving spouse, the following benefit is payable to the minor children:

- 50 percent of Final Compensation to three or more eligible children;
- 35 percent of Final Compensation to two eligible children; or
- 20 percent of Final Compensation to one eligible child.

**OTHER INFORMATION****Group Life Insurance**

Most members of the retirement system are covered by group life insurance.

When you retire, the amount of your group life insurance will be equal to  $\frac{1}{2}$  of your Final Compensation.

If a retiree was enrolled as a member of the PFRS on or after July 1, 1971, life insurance is payable only if the member retired with 10 or more years of pension membership credit or retired on a disability retirement.

**Conversion**

When your group life insurance is reduced at retirement, you have 31 days after termination of employment to convert the amount of insurance reduced to private individual insurance coverage. Please see Fact Sheet #13, *Conversion of Life Insurance*, for more detailed information.

**Employment After Retirement**

Returning to public employment in New Jersey after

your retirement may jeopardize your retirement benefits. If you return to employment in a position covered by the same retirement system from which you retired, you should expect to cancel your retirement and reenroll in the retirement system.

Before you consider returning to employment, contact the Division of Pensions and Benefits and request Fact Sheet #29, *Employment After Retirement* (PFRS), for additional information on returning to public employment in New Jersey.

**Health Benefits**

**Your Application for Retirement Allowance does not automatically enroll you in retired health benefits coverage.**

Employees who are covered by the New Jersey State Health Benefits Program (SHBP) through their employer will be offered SHBP coverage when they retire.

If eligible, you will receive a letter approximately three months before your retirement date offering you enrollment in the SHBP.

Some employers have agreed to pay for the cost of coverage for those with 25 years of service credit (and those on disability retirements).

Fact Sheet #11, *Enrolling in the State Health Benefits Program When You Retire*, provides additional information about continuing your health benefits coverage in retirement.

If you are **not** covered by the State Health Benefits Program, contact your employer about continuing your coverage.

**Chapter 330**

Chapter 330, P.L. 1997 provides health benefits under the SHBP to local (non-state employee) police officers and firefighters who retire after 25 years of service, or on a disability, and who do not receive any payment towards retiree health coverage from their employers.

If eligible, the State will pay 80 percent of the cost of the least expensive SHBP plan offered and the retiree will pay the remainder for the plan selected. A qualified retiree may enroll at the time of retirement or when becoming eligible for medicare.

The eligibility of retired police officers and firefighters for benefits under Chapter 330 depends on the health benefits provided by the employer for retired police officers and firefighters as of the effective date of the

law, July 1, 1998. These employer benefits are indicated in labor and other employment contracts, ordinances, and resolutions of the employers.

Additional information about Chapter 330 is available in Fact Sheet #47, *SHBP Retired Coverage Under Chapter 330*.

### **Cost-of-Living Adjustments**

The Pension Adjustment Program provides cost-of-living adjustments (COLA) to you and your eligible survivors if you are receiving a monthly retirement allowance from one of the state-administered retirement systems. The first adjustment is available in the 25th month after your retirement.

Subsequent cost-of-living adjustments are computed annually and the adjustment is reflected in the February 1st check (which is payment for the month of January). If your spouse or beneficiary is entitled to receive a monthly pension upon your death, the COLA will be applied to that benefit based upon your year of retirement. See Fact Sheet #18, *Cost-of-Living Adjustments*, for further information.

### **Fact Sheets Online**

The Fact Sheets mentioned in this publication can be viewed on the Division's Web site at:

[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

### **Fact Sheets**

Fact Sheet #11, *Enrolling in the State Health Benefits Program When You Retire*

Fact Sheet #13, *Conversion of Group Life Insurance*

Fact Sheet #18, *Cost-of-Living Adjustments*

Fact Sheet #29, *Employment After Retirement (PFRS)*

Fact Sheet #47, *SHBP Retired Coverage Under Chapter 330*

If you do not have Internet access, you can request that Fact Sheets be sent to you by calling the Division of Pensions and Benefits, Office of Client Services at (609) 292-7524.

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This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.

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